UNITED STATES MARINE CORPS
III MARINE EXPEDITIONARY FORCE, FMF
UNIT 35601
FPO AP 96606-5601

ForO 5200.1
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28 MAR 1995

FORCE ORDER 5200.1

From: **Commanding General**
To: **Distribution List**

Subj: **III MARINE EXPEDITIONARY FORCE (III MEF) INTERNAL MANAGEMENT CONTROL PROGRAM (IMCP)**

Ref: (a) MCO 5200.24B

Encl: (1) Definitions and Standards
(2) Command IMCP Outline
(3) Semi-Annual Commander Certification
(4) Vulnerability Assessment Format
(5) Checklist for Internal Management Control Program
(6) Reports Required
(7) LOCATOR SHEET

1. Purpose

a. This Order implements, within III MEF, the CMC directed IMCP contained in the reference.

b. Specific purposes of this Order are:

(1) To establish policies, procedures, and reporting requirements for the III MEF IMCP.

(2) To protect limited III MEF resources from fraud, waste, and abuse.

(3) To protect III MEF from unfavorable public opinion.

(4) To protect public interest through safe and efficient operations in III MEF.

(5) To ensure III MEF compliance with public law and higher headquarters directives.

2. Background

a. Safeguarding public resources and maintaining the public trust has always been (and remains) a primary responsibility of command.

b. The reference is a complex document that establishes IMCP requirements for the entire Marine Corps. It is designed, primarily, for the supporting establishment where Internal Review Staffs are included in the Table of Organization (T/O). It does not lend itself to effective implementation in the Fleet Marine Force (FMF), especially within an organization like III MEF where extensive personnel turbulence is experienced annually.

c. This Order is intended to establish simpler, more appropriate, and more effective FMF IMCP guidance.

d. IMCP is not an inspection program, per se, although the effectiveness of the command inspection program is fundamental to the success of IMCP. Rather, it is a self-administered program designed to evaluate the effectiveness of the resource controls themselves in all areas of the command.

e. This Order acknowledges that adequate control (of resources entrusted to the leader) is but one (albeit important) element of effective leadership. Since Marines have always taken pride in their well deserved reputation as frugal stewards of the precious national resources entrusted to them, familiarity with and implementation of this guidance will naturally receive strong command emphasis.

3. Definitions. Enclosure (1) contains definitions of terms used in this Order.

4. Policy. Leaders at all levels will ensure that effective and efficient resource controls are established and maintained over all III MEF programs, functions and activities in order to protect limited resources from fraud, waste, and abuse. With the high personnel turnover in III MEF, it is recognized that written procedures (i.e., Standing Operating Procedures (SOPs), checklists, turnover folders, desktop procedures) are critical to maintenance of adequate internal controls.

5. Action

a. Addressees will:

(1) Take appropriate action to implement this program within their command per the outline in enclosure (2).

(2) Prepare adequate written command policy that communicates the commander's intent and strong support for this program, and that requires active participation by all personnel in leadership billets.

(3) Ensure that SOPs, desktop procedures, and turnover folders receive strong command emphasis in order to ensure clear definition of what constitutes high level of performance expected of III MEF Marines and Sailors.

(4) Establish a central focal point to coordinate and oversee the IMCP within the command with emphasis on quality assurance (i.e., followup and randum testing of IMCP effectiveness).

(5) Submit semi-annual certification letters per enclosure (3) in order to certify (to CG, III MEF) reasonable assurance that command resources are not over exposed to fraud, waste, or abuse.

(6) Identify and maintain a current list of assessable activities within the command.

(7) Perform annual vulnerability assessments (VAs) on all assessable activities using the guidance contained in enclosure (4). Conduct VAs on all new assessable activities within 120 days after establishment. (The annual requirement may be waived up to three years for functions assessed to have low vulnerability and where the supervisor of that activity has not changed since the last VA.)

(8) Conduct detailed review of any activity with a "high" vulnerability as determined by enclosure (4) in order to ensure effective controls are effectively implemented.

(9) Ensure adequate followup procedures are in place to correct identified control weaknesses.

(10) Report immediately via the chain of command any significant control weaknesses that cannot be fixed by the reporting commander.

(11) Ensure desk top procedures and turnover folders at all levels contain lists of pertinent assessable units and latest copies of VAs in format contained in enclosure (4).

(12) Ensure command IMCP directives incorporate checklist questions similar to those in enclosure (5), if appropriate.

(13) Establish a quality assurance program to annually inspect the adequacy of subordinate commands' IMCPs.

(14) Incorporate tenants of this Order into, and evaluate compliance to this Order within, the Command Inspection and Staff Assist Visit Programs.

b. III MEF Comptroller will:

(1) Serve as III MEF IMCP focal point.

(2) Promulgate necessary policy and guidance for III MEF IMCP.

(3) Annually inspect the adequacy of subordinate command IMCP programs.

(4) Collate semi-annual IMCP certifications from subordinate commands and forward in timely manner to Commanding General, FMF, Pacific.

(5) Provide assistance and training to subordinate commanders as required.

J. L. Brennan
J.L. BRENNAN
Chief of Staff

DISTRIBUTION: LISTS I, II

DEFINITIONS AND STANDARDS

1. Assessable Activities

a. Organizational activities, functions, programs or resources which are distinct, and are susceptible to fraud, waste, abuse and mismanagement or unfavorable public opinion, require performance of vulnerability assessments (VAs) due to potential risk or the control characteristics of the activity.

b. Assessable activities may be found at various levels of the organization. They should be measured by the lowest level supervisor who controls the activity. For example, an activity - like tool control - may be found in several sections of an organization; therefore, multiple VAs would be accomplished within the same organization by the various supervisors responsible for tool control. In contrast, only one activity might exist for Temporary Additional Duty (TAD) and the VA would be completely contained in one office (e.g., G-1).

c. Examples of assessable activities are: Undelivered Order (UDO) management, copier usage, fax usage, tool control, dining facility cash handling, telephone/DSN usage, cellular phone use, franked mail usage, utility consumption, off-base utility bill turn-in, off base driving privileges, personal computer allowance control, personal computer software control, TAD order liquidation, use of government quarters on TAD, exercise obligations/liquidations, Transportation of People/Transportation of Things (TOT/TOP) charges, garrison property control, Direct Support Stock Control (DSSC) purchases and credit card control, administration and management of supply operations, warehouse and inventory control, disbursing, controlled substances, and mainframe Automatic Data Processing (ADP) usage. There are many others which are not related to financial resources in affecting areas like personnel, time, public trust, and material. The activity Commander has the responsibility of determining assessable activities.

2. Checks and Balances. Billet responsibilities must be separated in order to minimize the potential for fraud, waste and abuse permitted by a single person controlling many functions. For example, the person who requests material should not be the person who manages the checking account and certifies receipt of goods.

3. Control

a. Control is a process of regulating, guiding, and improving operations and processes by focusing command attention to the processes themselves. Internal management control is a fancy, bureaucratic name for the steps a leader uses to ensure orders, policies, and directives are executed effectively and efficiently. In other words, the IMCP is intended to help the leader avoid, detect and correct potential adverse effects from undefined, poorly implemented, poorly executed, obsolete processes/orders/directives that might expose III MEF to fraud, waste, abuse, and potential unfavorable public opinion. With proper emphasis this program can contribute significantly to warfighting readiness by helping leaders efficiently use our increasingly scarce resources. If the focus of effort is not on these outcomes, the program becomes nothing more than a paper drill that detracts from readiness.

b. As stated previously, in III MEF, a major element of effective control is the development of adequate written descriptions of the steps and processes necessary to successfully accomplish an activity. For example, a tool room supervisor would have written procedures to ensure adequate control of tools. Likewise, an accounting technician would have a specific written purpose and process for receipt and distribution of all printed mainframe computer reports received from the Consolidated Financial Accounting Office (CFAO).

4. Vulnerability

a. Vulnerability is the potential susceptibility of an activity to fraud waste, abuse, mismanagement, errors in reports and information, and unfavorable public opinion. Extent of vulnerability is determined by the manager of that activity using professional judgment supplemented by a standard VA form at enclosure (4). Using the prescribed format, vulnerability is rated low, medium, or high.

b. Personnel turnover creates substantial management control vulnerability in III MEF. Therefore, the III MEF program should place great emphasis on written procedures (e.g. SOPs, turnovers folders, and desktop procedures).

5. Vulnerability Assessment (VA)

a. VA provides brief evaluation or measurement of effectiveness of controls in an activity. Simply, it is self assessment by the lowest level supervisor who completely controls an activity.

b. VA provides a format at enclosure (4) that assists the supervisor to evaluate and assess the degree of vulnerability to waste, fraud or abuse within his/her activity. For emphasis: the format is only a tool to assist the supervisor. The overriding ingredient in determining the level of vulnerability is effective application of the supervisor's sound judgement based on the results of using the VA format.

c. VA must be completed annually for each assessable activity. Annual requirement may be waived up to three years by the command IMCP coordinator if the same supervisor remains in place and the assessed vulnerability of the activity is low.

d. VA must be completed on all new assessable activities within 120 days after establishment.

6. Internal Control Plan. ICP is a list of assessable activities within the command that is updated semi-annually. New assessable activities added to the list are signified with an asterisk. Status of vulnerability assessments, as well as the supervisor responsible for the activity, are monitored on this plan. The Major Subordinate Command (MSC) commander determines the appropriate subordinate level for maintaining this plan.

7. Reasonable Assurance. RA is a level of confidence, or judgment by the commander, that control systems provide reasonable, but not absolute, assurance that the objectives of the system, activity or function will be accomplished without unacceptable exposure to waste, fraud, or abuse. (This standard is intended to recognize that cost of controls should not exceed their benefits.)

8. Standards. A vulnerability may be considered potentially significant in the judgment of the commander based on his judgment of the VA rating, and by using the following criteria:

a. Potential or actual loss of five percent or more of resources, property, or inventory in the past year or the commander/resource manager (RM) believes there is a strong possibility this could occur in the future.

b. Actual or potential loss of two percent or more of sensitive resources; (e.g., drugs, munitions, etc) in the past year or the commander/RM believes there is a strong possibility this could occur in the future.

c. Current or probable media or local government interest (adverse publicity).

d. Impaired fulfillment of mission.

e. Unreliable information causing unsound management decisions.

f. Violation of statutory or regulatory requirement.

g. Systemic deficiencies regardless of magnitude of resources involved.

h. Large magnitude of funds, property, other resources involved.

i. Diminished credibility or reputation of command.

COMMAND IMCP OUTLINE

1. Responsibilities of the MSC IMCP Focal Point

a. Promulgate IMCP guidance and policy.

b. Ensure preparation and submission of semi-annual command certification.

c. Provide training as required.

d. Ensure written process in place to achieve requirements of program. Pay particular attention to areas that have potentially high risk for fraud, waste or abuse, as mandated by higher headquarters or determined from local vulnerability assessments.

e. Focus MSC attention on written guidance to control assessable activities such as SOPs, SOP checklists, desktop procedures, and turnover folders to ensure management control principles are fully implemented within the command.

f. Identify and promulgate minimum list of assessable activities within each MSC.

g. Ensure annual VAs are completed on all assessable activities.

h. Ensure necessary written plans are in place to monitor completion of annual VAs and that the responsible supervisor is clearly designated on that plan.

i. Develop a quality assurance program to annually inspect the adequacy of subordinate command IMCPs.

2. Commander's Focus

a. CMC White Letter (06-91) stressed that all commanding generals, commanding officers, and officers in charge must "play a major role at your command in the Internal Management Control Program."

b. In III MEF, IMCP is the process the commander utilizes to ensure adequate resource controls are in place and are effective. The key to effective controls is that all personnel understand their job. The III MEF IMCP is essentially a program designed to ensure Marines and Sailors know their jobs and to ensure supervisors are sufficiently familiar with these jobs to supervise effectively the personnel performing them.

c. Several tools are available to the commander to ensure controls are effective: inspection program, FSMAO reports, Marine Corps Administrative Analysis Team (MCAAT) reports, outside audits and inspections, and the semi-annual commander's certification that basic IMCP objectives have been achieved.

d. Written SOP's, desktop procedures, and turnover folders are essential to proper definition of jobs/billets - particularly in a command with the high personnel turnover experienced by III MEF. The processes necessary to accomplish each billet/job successfully should be documented in desktop procedures and turnover folders. Continual maintenance and improvement of these written procedures is essential to maintenance of adequate management control.

e. Specifically target for emphasis any assessment activity that involves handling of cash or pilferable items for high priority review under the IMCP.

3. Outline of Management Control Process

a. Designate the command focal point to coordinate the IMCP.

b. Promulgate Commander's intent and guidance on the execution of IMCP.

c. Identify and publish a list of command assessable activities and ensure one accountable resource manager is clearly responsible to perform annual VAs. (Subordinate commanders must be encouraged to add to this list as appropriate.)

d. Develop method to update assessable activities on a semi-annual basis and monitor completion of VAs.

e. Develop process that permits timely submission of valid Semi-Annual Certification of Internal Management Controls.

f. Provide training as required to leadership.

g. Ensure the Command Inspection Program is geared to reinforce objectives of the IMCP by continual emphasis on written documentation (SOPs, desk top procedures, turnover folders).

h. Ensure careful review of all assessable activities that are rated high. The comments section of the VA format in enclosure (4) is the initial basis for this assessment. However, in some cases a detailed study of the problem, alternative solutions, and recommended actions will be required.

i. Implement and evaluate additional controls where results of VAs dictate.

j. Request assistance to correct control weaknesses that cannot be corrected with internal assets.

k. Submit Semi-Annual Certification of Internal Management Control to CG III MEF.

SEMI-ANNUAL COMMANDER CERTIFICATION

Due to CG, III MEF not later than 20 February and 20 August. Certifications must be signed by the Commanding General (substitute signatures not permitted). Use the following format:

5200.1
Code
Date

From: Commanding General
To: Commanding General, III Marine Expeditionary Force

Subj: Semi-Annual Certification of Internal Management Controls

Ref: (a) ForO 5200.1

Encl: (1) List of Command Assessable Activities and VA Ratings
(2) Summary of Highly Vulnerable Activities

1. Per the reference, the following certification is submitted for (name of command) for the (semi-annual period ending 28 February or 31 August).

2. Management controls in place provide reasonable assurance that this command is not over exposed to fraud, waste, or abuse of public resources. Enclosure (1) lists assessable activities on which annual vulnerability assessments are conducted. Units listed for the first time on this report are noted with an asterisk.

3. Those activities mandated highly vulnerable by higher headquarters have been assessed. Remarks on adequacy of controls for these mandated areas and comments on any area discovered to be highly vulnerable by our own VAs are summarized briefly in enclosure (2). (Include processes in place to identify and correct deficiencies in controls, e.g., inspections, audits, Total Quality Leadership (TQL) Process Action Team (PAT) results, or staff studies.)

4. Identified weaknesses in all assessed activities are being corrected expeditiously. Assistance is required from higher headquarters to correct the following vulnerabilities: (If applicable, briefly describe each weakness and define the assistance requested).

5. Appropriate actions are being taken to ensure management control principles, checklists, assessable activities, and VAs are incorporated into desktop procedures, turnover folders, and SOPs at every level of this command.

SIGNATURE OF COMMANDING GENERAL

VULNERABILITY ASSESSMENT FORMAT

A. ORGANIZATION:

B. POC:

C. DESCRIPTION OF ASSESSABLE ACTIVITY:

D. WORKSHEET DATA:

	CIRCLE VALUE
1. EMPHASIS ON INTERNAL CONTROL	
MAJOR EMPHASIS	(1)
MODERATE EMPHASIS	(3)
MINOR EMPHASIS	(5)
2. COVERAGE OF ACTIVITY BY WRITTEN PROCEDURES	
SPECIFIC GUIDANCE/LITTLE DISCRETION	(1)
FLEXIBLE GUIDANCE/SIGNIFICANT DISCRETION	(3)
NO WRITTEN PROCEDURES	(5)
3. ESTABLISHED GOALS AND OBJECTIVES	
NOT APPLICABLE	
FORMALLY ESTABLISHED AND MONITORED	(1)
INFORMALLY ESTABLISHED W/LITTLE FOLLOW-UP	(3)
NEEDED BUT NOT ESTABLISHED	(5)
4. ADEQUACY OF CHECKS AND BALANCES	
NOT APPLICABLE	
ADEQUATE	(1)
NEEDS IMPROVEMENT	(2)
REQUIRED BUT TOTALLY LACKING	(3)
5. ADP USED TO SUPPORT ACTIVITY	
NOT APPLICABLE	
DATA RELIABILITY/SECURITY SATISFACTORY	(1)
DATA RELIABILITY/SECURITY NEED IMPROVEMENT	(3)
6. PERSONNEL RESOURCES AVAILABLE	

ADEQUATE NO. OF TRAINED PERSONNEL	(1)
ADEQUATE NO. BUT SOME TRAINING REQUIRED	(3)
INSUFFICIENT NO./TRAINING REQUIRED	(5)

7. **ACTIVITY ADMINISTRATION**

MSC ONLY	(1)
III MEF ONLY	(2)
JOINT SERVICE	(3)
THIRD PARTY/CONTRACTOR	
*HEAVY INVOLVED	(4)
*TOTALLY INVOLVED	(5)

8. **SCOPE OF WRITTEN AUTHORITY FOR SUPERVISORS OF ACTIVITY**

PRECISE	(1)
CLARIFICATION REQUIRED	(2)
NO WRITTEN AUTHORITY	(3)

9. **AGE/STATUS OF ACTIVITY**

RELATIVELY STABLE	(1)
CHANGING	(3)
NEW OR EXPIRING WITHIN 2 YEARS	(5)

10. **EXTERNAL IMPACT OR SENSITIVITY**

NOT APPLICABLE	
LOW LEVEL	(1)
MODERATE LEVEL	(2)
HIGH LEVEL	(3)

11. **INTERACTION ACROSS ORGANIZATIONS**

EXCLUSIVE TO ONE OFFICE	(1)
WITHIN TWO FUNCTIONAL OFFICES	(3)
MORE THAN TWO FUNCTIONAL OFFICES	(4)
INVOLVEMENT WITH OUTSIDE ORGANIZATION	(5)

12. **TYPE OF INSTRUMENT OR TRANSACTION DOCUMENT**

NONCONVERTIBLE TO CASH OR BENEFIT	(1)
CONVERTIBLE TO SERVICES ONLY	(3)
DIRECTLY CONVERTIBLE TO CASH	(5)

13. **INTERVAL SINCE MOST RECENT EVALUATION OR AUDIT**

WITHIN LAST 9 MONTHS	(1)
BETWEEN 9 AND 24 MONTHS	(3)
MORE THAN TWO YEARS	(5)

14. **RECENT INSTANCES OF ERRORS OR IRREGULARITIES**

NONE IN THE LAST 18 MONTHS	(1)
MOST SIGNIFICANT FINDINGS OR ERRORS FULLY CORRECTED	(3)
MOST SIGNIFICANT FINDINGS OR ERRORS NOT FULLY CORRECTED	(5)

15. **ADEQUACY OF REPORTS**

ACCURATE AND TIMELY	(1)
SOMETIMES INACCURATE, INCOMPLETE, LATE	(3)
USUALLY INADEQUATE AND LATE	(5)

16. **TIME CONSTRAINTS**

NOT A SIGNIFICANT FACTOR IN OPERATIONS	(1)
OCCASIONALLY A FACTOR	(3)
SIGNIFICANT DAILY FACTOR	(5)

17. **ASSUMED EFFECTIVENESS OF EXISTING CONTROLS**

ADEQUATE	(1)
LESS THAN ADEQUATE	(3)
NO EXISTING CONTROLS OR COSTS OUTWEIGH BENEFITS	(5)

18. **OVERALL VULNERABILITY ASSESSMENT**

LOW (LESS THAN 27)
MEDIUM (27-34)
HIGH (GREATER THAN 34)

19. **COMMENTS:**

20. **VA CONDUCTED BY**: NAME/TITLE DATE

21. **VA APPROVED BY**: NAME/TITLE DATE

COMPLETING THE VULNERABILITY ASSESSMENT WORKSHEET

Note: The VA worksheet is designed to be a guide to Marines in charge of various activities and resources. A conscientious Marine will use it carefully to supplement his own professional judgment. A great deal of thinking has gone into developing the various checklist items in order to accurately measure adequacy (or lack thereof) of controls necessary to prevent fraud, waste and abuse of our resources. In today's Marine Corps, we can ill afford leaders who are not concerned about being good stewards and who, therefore, do not place high personal priority on getting the most out of the resources entrusted to them by the American public.

1. Organization. Enter the organization and command conducting the VA.

2. Point of Contact. The name, rank, and phone number of the organizational focal point.

3. Description of activity. Briefly describe the activity. Examples of activity descriptions are: tool room inventory, SL-3 inventory control, warehouse operations, dining facility cash control, etc.

4. Worksheet Data. Circle the value on the worksheet that most fits each category. Categories are defined below.

a. Emphasis on Internal Control.

(1) Major Emphasis. Internal Controls are considered in the planning and operations of this activity at each level within the command.

(2) Moderate Emphasis. Controls are considered in one or more of the following: evaluation of operations, performance appraisal, and external requirements.

(3) Minor Emphasis. There is little evidence of internal controls in this activity at most levels within the organization.

b. Coverage of Activity by Written Procedures. This category is the single most important IMCP procedure for a command like III MEF (with such high personnel turbulence). Sufficient written procedures help us mitigate the negative impact of personnel turbulence. The basic issue is whether there are written procedures at all levels for personnel to effectively do their job and how much discretion is allowed in job performance. Are procedures contained in desktop procedures, turnover folders, and SOPs that adequately describe the responsibilities of each billet? Are specific steps necessary to successfully accomplish each activity for each billet also written down clearly? The better the guidance, the less chance for potential fraud, waste, and abuse. The more discretion allowed, or the lower the quality of desktop procedures, the more potential for fraud, waste, abuse, and unfavorable public attention to III MEF. Without adequate written guidance, it is very difficult for a Marine/Sailor to know his job, for the supervisor to comprehend it, or for either to make improvements. Lack of written procedures for each process a Marine is expected to accomplish is a major indicator of control weakness.

c. Established Goals and Objectives. Establishing performance, program, and/or budgeting goals provides an organization or section personnel with benchmarks for measuring accomplishments. It lets people know when they have performed up to acceptable standards. When these goals are not established, reviewed periodically, updated, and disseminated to personnel, successful achievement of the mission is less likely and combat readiness is lowered.

d. Adequacy of Checks and Balances. Checks and balances are utilized so that authority for various functions within an activity is shared among two or more personnel or organizational sections to minimize the potential of fraud, waste, abuse or mismanagement. Determine if checks and balances are appropriate and if they are adequate to protect the resource from manipulation, misappropriation, etc.

e. ADP used to Support Activity. Many activities are highly dependent on ADP for either operations or providing data or information on which management decisions are made. While use of ADP can save time, there are issues of reliability and security which are particularly important when the use of automated equipment is involved. If ADP is not used for the activity being assessed, check the "not applicable" box.

f. Personnel Resources Available. Select the choice which best depicts both the number of needed personnel available to perform the activity and the extent to which these personnel are adequately qualified and trained. In III MEF, the experience of personnel in the specific billet assigned is also an important consideration since qualified and trained personnel may also be vulnerable to fraud, waste, and abuse while becoming familiar with a new assignment in a theater with many unique challenges.

g. Activity Administration. An important factor in determining the vulnerability of a particular activity is the extent to which the internal control mechanisms can effectively monitor and influence program operations. If another section or organization has significant responsibility/
impact on program administration, then inherent risk is greater. In other words, does the supervisor have adequate authority to control, or is control influenced by factors outside his/her authority?

h. Scope of Written Authority for Supervisors of Activity

(1) Precise: Governing legislation or regulations and/or delegation of authority clearly establish the amount of authority and discretion vested in key personnel (who can make resource decisions).

(2) Clarification Required: The amount of authority and discretion is not clearly established.

(3) No Written Authority: There are no written delegations or other official documentation establishing the limits on authority to administer a program or function.

i. Age/Status of Activity. An activity which has relative stability over a period of years with the same fundamental mission can be potentially less vulnerable because procedures for administering its resources have been worked out over time and have been in place to a greater degree. Major new responsibilities or program changes can introduce greater potential for risk, as can situations involving phase out or new programs.

j. External Impact of Sensitivity.

(1) Not Applicable: No external impact of sensitivity.

(2) Low Level: Total number of individuals or organizations affected is relatively small.

(3) Moderate Level: The activity services or potentially impacts a moderately sizable number of individuals or organizations external to the area under the supervisors control.

(4) High Level: Significant impact or sensitivity due to high degree of interest and potential influence of the program by external organizations. This situation exists when commanders or leadership must continuously consider the external impact of the program operations.

k. Interaction Across Organizations. The greater the number of activity offices or outside organizations involved in carrying out the processes of a program or function, the greater the risk of error.

(1) Exclusive to One Office: (e.g., classification, telephone change requests).

(2) Within Two Functional Offices: (e.g. procurement requests).

(3) More Than Two Functional Offices: (e.g., proposed policy directives, clearance of regulations, information collection)

(4) Involvement With Outside Organization: (e.g., interagency agreements, professional organizations, or systems that involve more than one section such as accounting/disbursing).

l. Type of Instrument or Transaction Document. An instrument is a document utilized in the approval/disapproval or execution phases of a process. For example: a DSSC credit card, an 1149 open purchase form, a meal card, a shop form for replacement parts or pre-expended bin items, or a

TAD request form. The base issue is the convertibility of instruments to cash or things suitable for personal benefit. Many instruments can be converted to personal use.

(1) Nonconvertible to Cash or Benefit: Memoranda and letters indicating a determination or approval. These are records of transactions and cannot be exchanged for cash or services.

(2) Convertible to Services Only: Numbered items, convertible to services, not case (e.g. Administrative supplies, meal tickets, Government Travel Requests (GTRs), telephones, personal computers, software, tools, copiers, etc.).

(3) Directly Convertible to Cash: Negotiable items, salary checks, travel claims, check received by the activity, imprest fund vouchers, etc.

m. Interval Since Most Recent Evaluation or Audit. The longer the interval between systematic operational reviews, the greater the likelihood that system or operational errors go undetected. It is important, therefore, that all control systems undergo periodic audit/review evaluations to detect errors and initiate improvements. Indicate in block 13 the length of time passed since the last audit or evaluation of management controls. List in the comments section the title, date of any inspections, reviews, staff studies, or audits of the activity within the previous 24 months (stating any major findings uncovered at that time). For emphasis: the evaluation is focused on the controls in place not the activity performance itself.

n. Recent Instances of Errors or Irregularities. Recent errors or irregularities detected that may be indications of either a lack of internal controls or ineffectiveness of existing ones. Further, the speed with which these errors are detected and corrected can be an indication of supervisory commitment to minimizing opportunities for fraud, waste, abuse, and mismanagement.

o. Adequacy of Report. The accuracy and timeliness of normal recurring reports (particularly financial and supply status reports) are good indicators of a well-run operation.

p. Time Constraints. To the extent that an activity must operate under severe time constraints, the ability to produce work of consistent quality is reduced. Such constraints generate a powerful inducement to end run a system of internal control.

q. Assumed Effectiveness of Existing Controls

(1) Adequate. If control improvements are required they are of a minor nature.

(2) Less Than Adequate: Controls in need of more than minor revisions or improvements.

(3) No Existing Controls or Costs Outweigh Benefits. Indicates the need for establishing internal control, or instances where costs unquestionably exceed the benefits derived from controls.

r. Overall Vulnerability Assessment. To arrive at the overall vulnerability rating, add up the circled numerical values assigned to each selection and compare the sum with the ranges indicated next to the Low, Medium, and High ratings. (Note special instructions below where a vulnerability rating of high). This rudimentary rating must be considered as a supplement to the supervisor's judgment. A supervisor may consider some areas of weakness so significant in his/her activity that a highly vulnerable rating is deemed appropriate even though the numerical rating falls in a low or medium range.

s. Comments

(1) Provide additional detail concerning responses in previous blocks (such as major findings from previous audits or inspections, any major weaknesses identified during the vulnerability assessment) and a brief summary of required corrective action. If the manager feels the numerical indicator of vulnerability needs to be adjusted - in his/her professional judgment, comments to explain a rating different than the numerical sum on the form should be included.

(2) Any activity rated highly vulnerable must be examined more carefully by the manager. Specific comments must be included which cite the method of periodic inspection, audit, or review of that function by an outside agency (to include date and attached copy of findings from last inspection). Where no outside inspection has been conducted, an in depth review of the activity is warranted and will be attached. That detailed review will be completed in the format provided at Appendix A to this enclosure. The most important element of this review is the command plan to reduce vulnerability and/or implement required corrective action combined with adequate follow-up to ensure effectiveness of corrective action.

(3) Include progress on corrective action mentioned in previous VAs.

(4) Include any other significant indicators/comments not mentioned on the form already that would reflect on adequacy of controls. (For example, high reversion of financial resources in prior years would indicate poor reconciliation between supply and financial reports by supply personnel.)

(5) Define any problems that cannot be corrected within supervisors scope of activity.

t. VA Conducted By: The form should be completed, signed and dated by the person who made the assessment. Assessments should be completed by the lowest level manager who has control over a particular activity or function assessed.

u. VA Approved By: The person who directly supervises the person conducting the assessable unit should approve the assessment and should sign and date the form. For activities rated "high", the supervisor should carefully review corrective action to ensure effectiveness. In addition, the supervisor must take steps to evaluate the potential for similar potential for fraud, waste, or abuse in other areas of the command. Prudence would dictate additional assessment where vulnerabilities are suspected. Finally, the VA approval authority must ensure requests for assistance are promptly and formally submitted up chain of command where control weaknesses cannot be corrected.

Filing requirements. VA forms must, at a minimum, be filed in the desktop procedures or turnover folder of the person conducting the VA. Commanders immediately subordinate to CG, III MEF will determine whether or not copies of VAs are submitted and filed at higher levels of command. Vulnerability assessments are not required to be submitted to CG, III MEF as part of the semi-annual certification letters. (The evaluation form at Appendix A must be filed with the VA form).

EVALUATION FORM FOR VULNERABILITY ASSESSMENTS WITH HIGH RATINGS

Once an activity is rated highly vulnerable, additional evaluation is required. The format below should be used to document review of internal control procedures and corrective action for control weakness. This form should be attached to and filed with the VA form.

1. Process for evaluating highly vulnerable activities:

a. Describe the activity.

b. List orders or written guidance (including desk-top procedures) that pertain to the activity. Include the date each of these was last updated. Comment on any inadequacy in written guidance.

c. Describe the actions/steps necessary to successfully complete this activity. This description should be contained in desktop procedures, but is often missing and (in highly vulnerable activities) will often need to be created. The purpose of this step is to clearly define, what needs to be done, how success is measured, and what can go wrong. Due to emphasis on constant improvement of processes, these descriptions should be included in all desktop procedures.

d. Identify the control measures that exist to identify when things are going wrong. This can include semi-annual Operational Readiness Inspection (ORI), Field Supply and Maintenance Analysis Organization (FSMAO) visits, or various checks and balances inherent in the actions described above.

e. Evaluate the effectiveness of existing control measures through review, observation, testing, and interview.

f. List weaknesses identified in the above process. Define corrective action necessary to reduce vulnerability or weaknesses. If corrective action is outside the level of responsibility of the supervisor, then written request for assistance from higher headquarters must be transmitted.

g. Lists dates for periodic review of effectiveness of corrective action (at a minimum, a semi-annual check is expected).

h. Complete the review with signature and date of the individual conducting the review of the highly vulnerable activity and a countersignature by that individual's supervisor.

2. Remember, this form should be filed with the VA form for future review by subsequent supervisors.

CHECKLIST FOR INTERNAL MANAGEMENT CONTROL PROGRAM

1. Has the commander designated in writing a local IMCP focal point or coordinator?

2. Has the commander promulgated IMCP implementing guidance and his/her commander's intent concerning management control of public resources?

3. Does the command utilize an effective process to ensure necessary vulnerability assessments are completed? Does the command have an effective process in place to ensure these assessments are completed properly and are filed in desktop procedures and turnover files? Is this process documented?

4. Is the command aware of areas mandated as "highly vulnerable" by higher headquarters? Does the command have any special requirements for handling vulnerability assessments in these areas?

5. Does the command utilize an effective process to ensure timely submission of the semi-annual commander's certification? Is that process documented?

6. Does the command utilize an effective process to ensure desktop procedures, turnover folders, and SOPs support the tenants of the IMCP?

7. Does the command inspection program evaluate the effectiveness of the IMCP?

8. Does the command utilize an effective process to ensure appropriate level of IMCP awareness and command emphasis at all levels of command?

9. Does the command utilize an effective process to correct and to follow-up on effectiveness of corrective measures for significant vulnerabilities identified in VAs?

10. Does the command emphasize written job/billet descriptions that detail the processes, tasks, steps that are necessary for each billet holder to successfully accomplish his/her job?

11. Has the command formally reported any vulnerabilities beyond their ability to correct.

REPORTS REQUIRED

	REPORT TITLE	PARAGRAPH
I.	Semi-Annual Commander Certification	See Encl 3
II.	Vulnerability Assessment Format	See Encl 4